



## ***Announcement 40-17R***

### ***Guideline Updates and Changes***

Effective September 5, 2017:

The following areas of Mortgage Solutions' guidelines have been updated. All changes and additions appear in **red**.

## **CONVENTIONAL**

### **Property Taxes**

- New Construction
  - Property taxes for new construction properties must be calculated based on 0.75% of the fully assessed property value or sales price, whichever is greater
    - New construction properties in California calculate based on 1.25% of the sales price
      - In addition to any Mello-Roos taxes or other special assessments as applicable
    - **New construction properties for attached townhomes in Colorado calculate based on 0.50% of the sales price**
    - New construction properties in Texas calculate based on 2.25% of the sales price
    - New construction properties in Michigan calculate based on using Michigan property tax estimator: <https://treas-secure.state.mi.us/ptestimator/PTEstimator.asp>
      - 50% of the purchase price will be used for the state equalized value (SEV) at time of initial underwrite and
      - Evidence of the actual SEV either from title or from the Michigan Tax assessor
    - Borrowers must sign new construction tax estimate disclosure at closing
    - In lieu of using the percentage calculation above, other acceptable documentation that may be used to calculate the property taxes are:
      - A statement of the estimated property taxes from the county assessor, or
      - A statement of the estimated property taxes from the title/escrow agent handling the transaction

## **FHA**

### **Gift Funds**

- Not applicable to retail
- For all credit qualifying loans with a qualifying credit score of 640 or below AND using gift funds, the following requirements apply:
  - No 30 day or greater late payment reported for the most recent 12 month period
  - **No collection accounts reported open in the most recent 12 month period**
    - **Excludes medical collections**
  - Verification of Rent required
  - Maximum payment shock of 150%
  - 2 months seasoned reserves
    - 'Seasoned' defined as 60 days

Date 9/6/2017

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- Existing Construction
  - Purchases in California are calculated based on 1.25% of the sales price
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    - Other acceptable documentation that may be used to calculate the property taxes are:
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  - Purchases in Michigan are calculated based on using Michigan property tax estimator: <https://treas-secure.state.mi.us/ptestimator/PTEstimator.asp>
    - 50% of the purchase price will be used for the state equalized value (SEV) at time of initial underwrite and
    - Evidence of the actual SEV either from title or from the Michigan Tax assessor
  - All other states would use the amount listed on the tax certificate or title commitment

## **VA**

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## USDA

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